

A Work Project, presented as part of the requirements for the Award of a Masters Degree in Management from the NOVA – School of Business and Economics

**“Starburst Accelerator and Incubator Construction & Energy:  
How to monitor the activities of an incubator and give strategic advice to startups”**

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### **Abstract**

This work project takes the format of a problem-solving approach suggested by “Impulse Partners”, a French consulting firm. It recommends a way to measure the success of ten startups in the incubators “Starburst” and “Incubator Construction & Energy” and give them strategic guidance. A Balanced Scorecard is elaborated to help incubated startups building up and implementing their strategy. The Scorecard suggests possible initiatives for the startups that are ideally realized with the help of the consulting firm that is steering the incubator. Special attention is drawn to what the startups need to succeed, which typically concerns financing, networking and managing skills.

**Key Words:** *Balanced Scorecard – Strategic Alliances – Incubation- Strategic Map – Startups*

### **Introduction and relevance of the topic**

This work project is being made in the context of an internship at a consulting firm called “Impulse Partners”. Besides their usual consulting projects with clients from industry groups (mostly in the fields of Construction & Energy and Aeronautics), they have been, since January 2014, driving an incubator.

The firm has been chosen by the City of Paris as the consulting partner for the incubator of Paris for the sectors energy/construction as well as the aeronautics sector. Its mission is to assist the startups with the aim to get them their first important contract(s). As the consulting firm is usually intervening on questions concerning strategy, performance and innovation, they can put big industry leaders (their usual clients) in contact with the startups. This ideally will become a win-win situation for everyone: the industry leaders crave innovation and new ideas that are difficult to generate in their traditional structures; on the other hand, the startups need access to the industry which can be facilitated by a first contract with an important partner which they can afterwards use as reference and for further networking and fundraising (Tesseras, 2014). In other cases it can also just help to confirm their business idea and business canvas or to get partly financed. Thanks to this model, the consulting firm can offer to both their traditional clients and to the startups an added value that other consulting firms and incubators might not necessarily be able to offer, using this position to differentiate from competitors. For all stakeholders, it is crucial that the startups succeed in their projects. If they cannot succeed it is still

important for them to accelerate their development in order to be able to quickly bury the initial project and move on to another track. For this reason I have chosen to concentrate this work on how to measure the success of the incubated startups (hereafter also called “incubees”) and at the same time suggest initiatives on how the consulting firm or other stakeholders can help them to succeed.

The goal of the work is to create a strategic framework for the incubated startups that can help to check milestones, connect causes and effects, guide the startups in the process of finding their strategic goals and achieving them as well as indicate to the consulting firm what the startups need in order to achieve their goals. As the incubator is still in an early stage, this work will help to clarify the role, expectations and engagements of each stakeholder in the incubation program. The consulting firm is interested in knowing in what phase of maturity the startup finds itself and in what exactly they need in order to advance. This implies also to know where they want to go in the future and what their priorities are. The work will try to capture these needs and objectives and synthesize them to have an overview on the planning of the activities provided by the incubation program.

Beforehand I would like to specify the nature of this particular incubator. I will refer to the program as an incubator in this work to facilitate the reading. Indeed though, it is important to differentiate between incubators and accelerators as they usually serve different purposes: An incubator takes startups that are at the beginning of their existence. Business plan, business model and the product or service implying the market offer are not fully developed yet and the companies are usually still far away from having their first clients. The accelerator takes in more mature startups (usually at least 2 years old) that are already advanced in the development of their business

and that already serve successfully some first clients or have at least some potential clients and important contacts (Chan, 2014). The incubator that I have analyzed is a mix of those two concepts. This idea is close to the definition of an incubator by the EU Centre for Strategy & Evaluation Services who suggest that “a business incubator is an organization that accelerates and systematizes the process of creating successful enterprises by providing them with a comprehensive and integrated range of support” (World Bank, 2010, p.11). The interviews indicate in each case the age of the company; which is a first indicator for their stage of maturity but certainly not the only one. Generally, we can say that one to two of the startups in the sector of Construction & Energy find themselves more in an incubation phase while the rest can be categorized in the accelerating phase. The aeronautic incubator has also taken up this idea in its name “Starburst Accelerator”.

The incubator offers startups office space at reduced tariffs, a potential financial aid by the BPI France (and/or other business angels/venture capitalists), and the mentoring by Impulse Partners which entails the contact to big industry leaders as they are incentivized to take part in the incubator (even with a monetary contribution for having in exchange access to the new ideas of the sector). The startups are selected on the basis of their degree of innovation, the maturity and feasibility of their product/service offer, potential market size, team, and business plan/financing plans. Selection committees take place every three months. The jury is composed by several representatives from leading groups of the industry, innovation associations/networks, financing partners, and Impulse Partners. After the startups have been selected to join the incubator, they sign a contract that assures them the benefits mentioned above for two years. The team of Impulse Partners and especially

the two associates, experts in their fields, will mentor the startups from there on and help them to become a stable business (or to “die quickly”).

### **Past research and Literature Review**

My work project touches two theoretical concepts that were already used many times and in different contexts and proofed to be good frameworks to analyze a problem: Strategic alliances and the Balanced Score Card. Why these two? The incubator can be seen as a strategic alliance between different stakeholders since a strategic alliance is defined as an agreement for cooperation among two or more independent firms to work together toward common objectives (while remaining apart and distinct) (Dussauge/Garette, 1999). The reasons to participate in the project differ from stakeholder to stakeholder but the overall objective of the alliance is to help startups companies grow and become a robust enterprise. The Balanced Scorecard helps to capture the needs and strategic plans of the startups and formulate initiatives and metrics for a successful development that might be partly provided by the consulting firm that is part of the incubator. However, as those concepts have not been much applied to the ecosystem of incubators, this work project demands a flexible adaption of the pure form of the concepts and their transmission in the context of the incubator (Kaplan/Norton/Rugelsjoen, 2010).

The existing literature about incubators is diverse. As it is still a quite new phenomenon, different perspectives are being taken (case studies, the incubator industry as a whole, guides for startups, pro/contra voices etc.) which makes it difficult to extract common ideas or objective facts. This starts at the definition of what an incubator is. For some, it takes care of enterprising projects that do not even have a legal entity yet; so literally are still on their way to become a company (Albert

Bernasconi/Gaynor, 2003). I have stuck to the definition mentioned above for this project. In my case it is important to keep in mind that the incubator's purpose is not to create something but to give the adequate conditions in order for the members to develop their projects. Also the incubator in question responds to the needs of its stakeholders in the way described above; but for the moment not yet explicitly for public interests as the often mentioned criteria of creating jobs in a particular community (Al-Mubarak/Schrödl, 2011). As different natured incubators are described in literature, it is generally a great challenge to find a common way of measurements for incubators. At this point, I want to underline again that in my case this measurement is not aimed at judging the program but to give it a strategic tool in order to check on a continuous basis if the program is going the right way; the right way meaning that all stakeholders are satisfied and the goals of the incubator are followed. Here it is of special importance to look at both financial and non-financial goals, as the incubator is a learning environment and captures a lot more dimensions, some less explicitly. Moreover, there is a lot of literature about chances and dangers in new enterprises (e.g. Blank/Dorf, 2012). This literature can be easily related to the idea of the ideal functioning of an incubator. Another subject that is in some ways related is, as said before, that of strategic alliances (or ecosystems of the incubator). The papers I have read treated mostly of contractual strategic alliances as for instance joint ventures or mergers (e.g. Lorange/Roos); which in my opinion in most aspects cannot be compared to an incubator system as the stakeholders form a rather loose network. However, I believe that some basic concepts can be transferred from those theoretical approaches to my particular question as the incubator represents a network/ecosystem that should be used to create win-win situations and the startup as



such should be considered as an interactive element. In the work of Johanna Vanderstraeten and Paul Matthyssens (2010) several ways of measuring incubation systems are introduced. Respecting the fact that the incubator in question might be a particular case, I got inspirations from their work. I have looked at several papers treating the Balanced Score Card as a success measuring tool. The paper of Pam Voisey, Lynne Gornall, Paul Jones et al. presents an approach that they called “A conceptual framework identifying the performance measures of business practice within business incubators” (2006, p.465) that indeed resembles a lot to the Balanced Scorecard. We find goals and metrics (non-financial and financial; by them defined as hard and soft measures) as well as initiatives taken by the incubation program to tackle those. Naturally, one has to differentiate between the measurement of the whole incubation program (often related to external aims as helping the community etc.) and the measurement of performance of the incubees (Al-Mubarak/Schrödl, 2011). My approach clearly focuses on the second one.

Finally, my work will add another case study to the existing literature and explore the solution of the balanced scorecard applied to performance and interactions in an incubator.

### **Methodology**

For the project, I interviewed 10 start-ups; usually the founders themselves in order to get an idea of how mature their enterprises are today, where they want to be in some years, what their priorities are and what is most important to them in order to advance. The interviews took about 30-40 minutes and took an open, qualitative format. You can find the questionnaire and the summaries of all the 10 conversations in the annex 2. The names of the startups stay anonym for the sake of confidentiality.

In addition to those interviews, I used the form that the startup filled in to apply for the incubator in the first place and other available summaries about their projects to retrieve information about their business plan and other quantitative information. Last but not least, they filled out an auto-evaluation (cp. annex 3) about their maturity and concrete needs in different areas so that it becomes clear where they still see need for action.

## **Results**

### **Interview Outcomes**

The outcomes of the interviews showed that the startups are at quite different levels of maturity. However, a lot of the startups expressed the same wants and needs: financing, contacts to new potential clients and networking in general including sharing of best practices with other startups. In the middle or long term, everyone's goal is obviously to industrialize/scale up their offer in order to become robust businesses.

First of all, the interviews tried to find out at what stage of their life cycle the startups find themselves today. This differs widely from company to company, since there is no exact prescribed age of the company to enter the incubator and the speed of maturity naturally also depends on the kind of business. It is important to know if the companies were already able to build first prototypes, if their product or service is already finished or not; after all, if they are currently entering the go-to-market phase or if they are still figuring out the product fit.

In a next step, I tried to understand where they want to go in the near future, what their priorities are and on what things they mostly have to work on. The next steps

are anticipated and afterwards it is possible to derive milestones from this macro-level.

Last but not least, we can think that they also give indications on how other stakeholders of the incubator can help them to achieve their objectives and what actions/initiatives could be essential for their development. It is important to see why they integrated the incubator in the first place and if their expectations have been met or can be met in the future. Additionally, the startups interviewed filled in an auto-evaluation which helps to compare directly their different stages in the domains of business development and see where they are mostly perceived to be already good at or where they wish to have (further) support.

The interviews will give insights for the lagging and leading indicators of the Balanced Scorecard. At the same time, they allow the interviewed person to reflect on their work and reach for a larger view than the everyday work. The interviews showed that the challenges for the startups are very diverse. A lot of them search for a better access to the markets; which can be in the form of contacts to industry leaders, marketing skills in the team, or simply methods on how to reach potential clients and convince them of the offer (as for example with a good pitch). The same actions can help in order to find financing elements (contacts with big groups, pitch in front of a committee of Business Angels and/or other investors).

Most of the startups plan to use the incubator as a source of help for methods and contacts. For their current phase of product developing, the startups usually do not crave technical support (yet). It is probably only later that they might need assistance in order to switch from their first prototypes to mass production. In the following, I will address each of the main needs made explicit by the startups:

### Financing:

In general, there are two different ways for startups to get financial support: raising funds and receiving financial aids, subventions or loans. Raising funds from Business Angels or Venture Capitalists requires a certain maturity for the startup while financial aids are usually also available for less mature startups since they are given for their degree of innovation and their first steps. Raising capital is usually a little more difficult since it often demands some evidence; for example in the form of first clients. The negotiations can be long. In both cases, it can help them to be part of the incubator as the fact that they have been selected by a dedicated jury is a viable sign for the potential of their idea. The startups interviewed are mostly dependent on financial support; especially on working capital funds as by the time their product is almost finished, their treasury is often mostly gone but it is in particular this moment that is a turning point in their development and in order to start producing and selling they need capital.

Consequently, one of the biggest challenges for startups is to find financing. Impulse Partners can help the startups by introducing them to experts or people who work in those financing institutions. For the financial subsidiaries, the applications are often long and it is hard to know whether the startup has a good chance of getting them or not. Synthesized information and advice can be provided to a certain extent. Furthermore, the incubator starts to build up the possibilities of having a fix contact person within the financing institutions (Business Angels, Venture Capitalists,...) of which one is already a permanent partner of the incubator (bpi France).

### Networking, Synergies and Contacts

One of the main reasons to integrate the incubator is to be put in contact with major industry leaders. Startups often still have a limited network which is rather young and also on a startups level. In France, networks from business or engineering schools can help a lot to find the right people and be heard by them. However, the incubator can also provide direct access to industry experts (construction/energy and aeronautics), as the clients of Impulse are typically major groups that act as industry leaders and can afford to engage in research and innovation activities. Indeed they are most of the time very interested in the possibility of meeting well-thought startups as they are often less able to innovate on their own as the big structures don't allow for a lot of creativity, quick decisions or a culture for exploring new things. Following the ambidexterity concept, companies should balance their activities between the two options exploitation (focus on efficiency and operations) and exploration (focus on innovation and flexibility) (Groen/Wakkee/Weerd-Nederhof, 2008). For this second component, taking part in an incubator can be an enriching experience for large corporations as it provides diversity and a “think-out-of the-box” perspective. The groups are invited to support the incubator program financially by paying a yearly contribution that allows them to profit from the incubation activities (events, get-togethers), be named as an official partner and get in direct contact with all of the startups to get inspired by their ideas, potentially cooperate with them on a short or long term basis. They might also contract the startups or engage in a common project.

As the work of Albert, Bernasconi and Gaynor (2003) describes industry members can be very interested in learning about emerging technologies as, for growing their

business, it is usually not enough to generate cash flow by the current core activities. Financial markets expect a great economic growth that cannot be made only by the existing business. On the other hand, big groups can decrease the danger of new entrants in the industry that represent competition for them. One example is Zodiac Aerospace, world leader in aerospace equipment and systems, who was challenged by a start-up called “Expliseat” that was ahead of them developing a seat twice as light as the industry standard (Challenges, 2014). In terms of investment, this opportunity to catch up with the newest innovations in incubators is usually very convenient for the industry leaders, especially in contrast to the amounts they would lose by staying behind (Albert/Bernasconi/Gaynor, 2003).

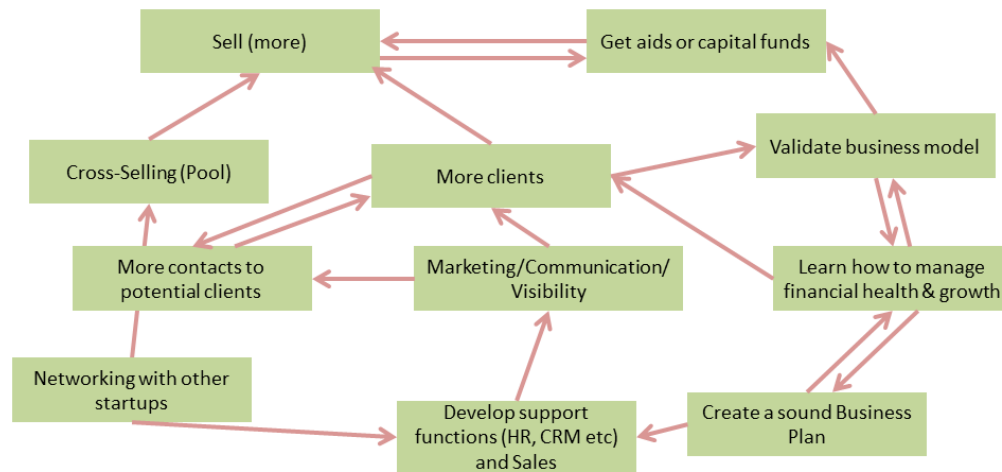
#### Sharing best practices

Networking also implies the contact to other startups and actors in the industry ecosystem as well as in the entrepreneur network. The interviews showed that it is extremely important for startups to meet other entrepreneurs that have (maybe already solved) the same problems and challenges. Startups experiment when developing their organization: They try to set up processes (for example for recruiting, accounting, CRM) to see if they work for them. By exchanging with other startups they can learn from their experiences and capitalize on a common knowledge base that can be developed by every member. The term of sharing might be intimidating to some companies as some of the other startups might represent their (in-) direct competitors. Moreover, the sharing is often not very useful on specific technical aspects. It is more about sharing knowledge about management processes like how to set up processes, how to communicate, how to create a comprehensive offer or how to approach investors.

### **Balanced Scorecard and Cause-Effect diagram**

Why a balanced scorecard? The advantage of a Balanced Scorecard as a measuring tool is its inclusion of non-financial measures (Kaplan/Norton/Rugelsjoen, 2010). The incubator is and cannot be only about financial results. In an initial phase, financial results will normally be negative and the young companies have to build up their capabilities first. They have to learn how to manage their firm internally, who to sell to and how to reach them, how to be helped and finally how to grow. Why measuring at all? As mentioned before, the goal of this work is not to show how well or bad the incubator is functioning. Rather the scorecard is supposed to be a guiding tool for the development of the incubator and give a formalized picture of the needs and points of view of the startups. Without measuring, the advances might risk to not being followed in an objective and consistent way (Al-Mubarak/Schrödl, 2011). As suggested by Kaplan and Norton, the scorecard has a relational logic which means that as a first step it makes sense to set up a cause-effect diagram that illustrates the links between the different goals (Kaplan/Norton/Rugelsjoen, 2010). It allows for a global view that connects the four categories of the scorecard and makes the linkages explicit. At the same time it can help to set priorities and pursue the objectives set. It is recommended to start to tackle the goals that are more easily to achieve first so that the completion of those leads automatically to the overall goal. One example of this could be to set up a good marketing and a viable business model before trying to raise funds. Also knowledge of how to negotiate with potential investors is crucial and best given by first-hand experiences or experts in that field (share best practices and learn how to manage growth).

**Figure 1: Cause-Effect Diagram: A concept to illustrate the relations between the elements of the Balanced Scorecard**



The objectives named in the diagram reappear in the Scorecard. The graph shows the strategic goals and the needs expressed by the startups during the interviews. The goals are categorized in the classical dimensions “Financial”, “Customer”, “Internal Processes” and “Learning and Growth” (Kaplan/Norton, 1996). Some of the goals could also fit in two different categories but to create a clear matrix, I have chosen to place one goal in only one category. In the logic of the scorecard, we can identify three main goals: 1) find access to capital/and or financial aids, 2) sell (more of) their product or service to important clients and 3) learn how to manage their business in terms of processes and growth. Those three goals were mentioned by all startups, details depending on their level of maturity, personal strategy and beliefs. Additionally some other more specific goals were named and integrated in the score card. According to how many times and with what importance the goals were brought up in the interviews, I marked them in different colors, red being very important and rather on a (long term) macro-level, orange – a medium level of times



mentioned, a little more specific and in yellow those that were only named once or twice.

**Figure 2: Balanced Scorecard: A concept to assess the development of 10 startups in the incubator in question:**

	Goals	Metrics	Initiatives
Financial	<ul style="list-style-type: none"> <li>• Sell (more)</li> <li>• Get financial aids or capital funding</li> </ul>	<ul style="list-style-type: none"> <li>• Sales (€) (Lag)</li> <li>• Amount raised or received by aids (€) (Lead)</li> </ul>	<ul style="list-style-type: none"> <li>• Contact potential clients</li> <li>• Information on financing possibilities</li> <li>• Pitching at investors</li> <li>• Develop a catching offer (right pricing etc.)</li> </ul>
Customer	<ul style="list-style-type: none"> <li>• More contacts to potential clients</li> <li>• More clients</li> <li>• Marketing/Communication/Visibility</li> <li>• Cross-Selling (Pool)</li> </ul>	<ul style="list-style-type: none"> <li>• # of contacts (Lead)</li> <li>• # of contracts (Lag)</li> <li>• Degree of reputation(Lead)</li> <li>• # of cross-selling contracts(Lag)</li> </ul>	<ul style="list-style-type: none"> <li>• Organize exchange/Contact with major groups</li> <li>• Establish pool of shared contacts</li> <li>• Organize events/get-togethers</li> </ul>
Process	<ul style="list-style-type: none"> <li>• Develop sales department</li> <li>• Validate business model</li> <li>• Develop support functions (HR, CRM,...)</li> </ul>	<ul style="list-style-type: none"> <li>• Sales (Lag)</li> <li>• Support by investors (Lead)</li> <li>• All activities and customer requests can be realized without problems (Lead)</li> </ul>	<ul style="list-style-type: none"> <li>• Share best practices with startups</li> <li>• Round tables, presentations from experts</li> <li>• Pool of CVs</li> <li>• Benchmark with industry</li> </ul>
Learning	<ul style="list-style-type: none"> <li>• Networking with other startups</li> <li>• Learn how to manage financial health &amp; growth</li> <li>• Create a powerful Business Plan and be able to present it</li> </ul>	<ul style="list-style-type: none"> <li>• # of contacts to partners (Lag)</li> <li>• Best practices learned (Lead)</li> <li>• Self-estimation business mngt ability (Lead)</li> <li>• # of BP releases until final version (Lead)</li> </ul>	<ul style="list-style-type: none"> <li>• Share best practices</li> <li>• Organize events</li> <li>• Invite experts</li> <li>• Development of Master Plans of Sales/Production/ Cash-Flow/...</li> </ul>

In a next step, initiatives are suggested that the incubator; in particular the consulting firm, can take up in order to help the startups to achieve those identified goals. These initiatives are some of many possibilities how to achieve the goals. The accent lies here on first initiatives that the consulting firm could support. The initiatives reflect in some cases what the incubees expect when integrating the incubator and paying for the mentoring. Those initiatives should be reviewed on a regular basis and always

be discussed with the startups in order to adapt them to their current needs and fitting formats. In order to give those conceptual goals a dynamic character and to assure the effectiveness of the scorecard; metrics were found to review the advances in goal achievement and related to that the effectiveness of the initiatives. The metrics were categorized into leading and lagging indicators (in the matrix marked by “Lead” or “Lag”) to illustrate the logic flow behind the concept. Leading indicators are typically those that lead to another variable; lagging are those that count in the end, the consequences, from the perspective of the startups. Leading indicators are levers that have to be managed in order to reach certain results, the lagging indicators, which confirm the ability how the levers have been managed. In short, leading indicators steer while lagging indicator confirm a trend, change or fact (Kaplon/Norton, 1996).

This theoretical framework will be applicable in practice: The consulting firm and the startups will have regular meetings where they can take the scorecard to guide them through their work.

### **Conclusion and Outlook**

The work has shown one solution for an incubation program to set up a strategic framework for the development of their incubees. By beginning to look at the current situation of the startups and asking them where they want to go, how they want to develop and what is most important to them to achieve their goals, a picture of the strategic goals was made of the interview results. Financial as well as non-financial goals were considered. Applying for the incubator could be seen as a first initiative to achieve those goals and to get help in achieving them respectively. Consequently, it was important to ask the incubees about their hopes and expectations concerning the

offer of the incubator. In a lot of cases, they were able to make concrete suggestions on how to animate the incubator and be of help to the startups community. The Balanced Scorecard was developed together with all stakeholders of the incubator; especially the startups. However, it is important to be aware of the dynamics in this fast-moving “incubator industry”. The scorecard that was established should be considered as a first draft of a work that will always be adapted and changed reacting to internal and external factors. One of the reasons why the goals mentioned in the scorecard are quite generic is to keep a minimum of stability. Especially overall strategic goals should never be forgotten while the prospects for leading indicators might change more often and quite quickly due to the nature of the startups. The interviews showed that it is still difficult for startups to make precise prospects of what the future will bring as they do not have experience yet; their market is not explored enough yet or external factors, as for example regulation or technologic advancement, can change the game in important ways.

Another point that is important to repeat is that this scorecard was developed for all startups at once. If the startup feels that it helps them to create a scorecard even more specific including all their particular nuances; they are encouraged to take this work as a starting point and decline the goals in more detail for them. I would even recommend this; the more concrete the goals, initiatives and metrics are the better. It is also advisable to add the foreseen timeframe of the projects included (Cravens/Piercy, 2000).

All in all, this work project served at the one hand the consulting firm (so that they get a better view on what the startups need) and on the other hand the startups (so that they have a strategic tool at hand to pursue their projects). It is of great

importance that a further development of this tool will include at all times all stakeholders of the incubator so that the scorecard becomes a realistic umbrella for the different stakes in place.

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Note: All descriptions and assumptions concerning the incubators Starburst and Construction & Energy stem from sources (or what I have learned in the daily work) from the company Impulse Partners and/or, as indicated, from the startups interviewed.

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#### **Annex 1: Interview questionnaire**

- 1) Name of person and company, age/size/business of the company
- 2) a) Have you fully developed your strategy and project in general (including business plan, pitch, vision and objectives)?  
b) Do you consider that your technology/product/service is already finished and ready for the market?

- 3) In what phase is your company right now: Have you developed pilots/prototypes, market concept? Do you have clients?
- 4) How much does your company sell? (Sales of 2013/last year) What are your forecasts for the future? (e.g. 2016)
- 5) What do you consider to be your biggest challenge today? What is your most urgent priority? How do you wish to scale up your business?
- 6) a) Have you received financial aids or subsidies? (if yes, how much, from which institution) Do you plan applying for some (more)?  
b) Did you raise capital (Venture Capitalists, Business Angels, Corporates)? (if yes, how much, from which institution) Do you plan to try to raise some (more)?
- 7) How many contacts to potential clients do you have today? Do you feel your network is sufficiently large to promote your product/service efficiently?
- 8) (If you have clients) How were the reactions of your first clients? Do you use a CRM tool? (if yes, which one) How do you evaluate the opinions of your (future) clients?
- 9) Do you think that your delivery process runs smoothly? Is it fast enough? (BtoB or BtoC)
- 10) Do you consider possessing all capabilities needed for the successful management of the firm? (marketing, sales, technical, management, administration...) Are you capable of recruiting external resources to complete your team?
- 11) Do you interact a lot with your environment? In how far can you profit from relations made with other members of the incubator? To which of the stakeholders do you feel most close to? Do you talk about your plans with them?
- 12) Why did you chose this particular incubator? In which way do you wish to profit from it?

## **Annex 2: Summaries of interviews**

**Note:** Due to confidentiality, the names of the startups are protected and therefore replaced by “XXX”. Some financial data has been left out for the same reason.

### **Summary Interview Julien M., Startup 1 :**

XXX is a startup that is not incubated yet but will soon be passed by the selection committee. They have existed since November 2013 and there are two employees so far. It is quite difficult for them to create prospects for the next years since they are not sure yet which business model they will follow and how their business will evolve. Their positioning is clear for them and they are working on their final business model right now. They currently have 5 (big and small) clients and around 40 potential clients with whom they are in contact. They have two different offers; one is based on a consulting function and the other is a project that partners up with the client in order to create a concept that can be duplicated within the boundaries of the same industry. XXX needs to think of a vision for the future of their project. The current ideas, especially

concerning the business model, have to be validated, their pitch elaborated accordingly and their business plan adapted (including financing possibilities). They will still need to stretch their network to become more known and at the same time think of getting support functions (as accounting or finance) from external sources. Their goal is to create a real community and become a label. One step to attain these goals would be to get testimonials from satisfied customers and get in contact with other startups and big groups in different sectors. In the long term they wish to serve more bigger-sized clients. The most urgent thing to do is finishing the offer; especially to decide on the form of the business model and the right communication. They hope to get help from the incubator in several ways: for financing questions (business plan, aids, help in everyday accounting), contacts in the sectors, to be able to potentially cross-sell with other start-ups and to profit from a sort of recommendation system.

### **Summary Interview Francois R., Startup 2:**

XXX is a startup specialized in numeric simulation. Their enterprise has existed since April 2013 and has 3 employees. As their service offers are already in place, their business has taken off. However, they want to go further than that by introducing a new product which is in development and will be finished in May or June 2014. They developed 2-3 pilots to test the product-market fit in which they succeeded. Demonstrators are already ready for showing the actual offer. Their challenges today lay more on the business side than on the technological know-how. The product is almost finished but it still has to be sold. The business development of the enterprise is today mostly made by the CEO himself; in most of the cases by e-mailing and phoning. XXX uses the professional social media platform LinkedIn to build up and enlarge their contact base. They also started to sell through distributors since it helps them to sell more; as you would expect, with a lower margin. They thought about recruiting an intern for the commercial activities as was advised by other startups but the CEO thinks that it is too risky and takes too much time to train him/her to be able to be good at phoning activities (technical subject, right tone, often in English). They hope that other startups in the incubator might be able to help them with their problem, so they would appreciate the organization of a best practice exchange and use cases between the incubated companies. Moreover, it would be useful for them to know how to interpret the reactions of the clients. There might be a chance to explore the feedback of the client more than they do today; to ask the clients what is missing in their view, why they are not interested or on the other hand why they like, especially, their offer compared to others. Right now, Excel is used as a CRM Tool which seems to work well for the moment but not necessarily in the future. As with other startups XXX is challenged by missing working capital; treasury funds have to be managed. They would need some help in order to reconcile the time until they have enough clients. To attain this goal, they applied for a PIA (special type of financial aid for innovative projects) by BPI France. Although their business model is already well elaborated, XXX would like to validate it by having the opinion of an industry expert as for example Safran. Francois



Chopard may be able to get him a contact in this particular company; which would help since it seems difficult in general to have a contact at the right position. The right position would implicate that the person is placed sufficiently high in the organization to have decision power but at the same time has enough time to exchange with the startup.

#### **Summary Interview Pierre J., Startup 3:**

XXX was founded at end of 2012 and they have today 14 employees. This means it is one of the bigger sized and more advanced startups in the incubator. The startup already possesses contacts to important groups and labs as well as European projects. The team covers a lot of expertise. Business Plan and the positioning in the market are quite clear. Nevertheless, they would like to know how to contact the “right” person in the “right” position in the major groups in order to be quicker and more successful in their exchanges. As they also want to expand in an international scope it seems appealing to them to share a pool of clients for example for Asia with other startups. The incubation program is furthermore interesting to them in the sense of institutional visibility: when integrating the incubator they have another backup and confirmation of their value which they can show. In order to better track the records of customers, their CRM could be improved. Within the next 3 years, they want to realize approximately 10ME with the help of a crew of 30-40 employees.

#### **Summary Interview Valérie D., Startup 4:**

XXX is a startup founded in January 2013 by Valerie D. who is today still the only one working on the project. If needed, she takes external consultants to help her out. Today she is nurturing her business with sales on research since she is an expert in the field. However, the goal of her startup is to develop an integrated standard offer which she now has almost finished and that she was tested in April 2014. These tests will show if the business model can be validated or if she has to adapt it further to the market needs. Right now, XXX needs a well-prepared pitch and a good communication to expand its network and visibility and later on, of course, make its first contracts. Therefore, the exchange of best practices with other startups and a tailored consulting from Impulse Partners are appreciated. The goal is to make XXX a reference in the market. Another concern is financing: as the real business has not yet taken off, a help in financing, for example by bpi France, might be a good possibility to ensure a sufficient treasury. XXX is not yet aware of the different possibilities it has to receive financial support so an information session and advice on where XXX would have chances to be accepted would help her to go on. The incubator might be a chance for XXX to enter into cross-selling opportunities with other startups. Valerie D. also suggested organizing get-togethers with a group of startups to help each other with problems that concern the startups (each time one problem of one startup will be discussed).

#### **Summary Interview Gregory E., Startup 5:**



XXX was founded in 2002 but has only really been active since 2010. They have 5 employees in Europe and in the US. XXX's strategy including business plan, pitch and the development of prototypes of their product are quite advanced. They are already in contact with investors in order to get financing. Although they are quite advanced with their project they felt that they would need the acceleration services of the incubator as they wish for fruitful contacts with business angels, venture capitalists and other financing institutions, become known in the industry (visibility) and reinforce trust and a good image (credibility) for investors and future employees. The fact to be admitted to the incubator is already a first step. They desire to improve their external communication and their CRM system to get more clients and respond better to the existing ones in the long term. For communicating more and better, contacts to journalists, events by the incubator and advice from Impulse Partners might be helpful to XXX. Their major challenge though is indeed fund raising as they wish to further develop the product and its commercialization. In the future they would also like to improve their relations with their suppliers as there are a lot of delays in supply due to their startup status (big clients always get first) in order to improve their delivery processes. Furthermore, they would like to get in contact with potential external partners as for example universities or research labs. What they really need from the incubator is a branding in order to increase trust by investors, potential clients and partners. They hope to get direct contacts who can advise them concretely on their chances to get aids, on the procedures, on negotiations with VCs or BAs. For example, they would like to continue to get help by bpi France but as the process of application is long they want to make sure that it is worth it beforehand. Drafts of collaboration contracts and help in juridical and negotiation situations in general would help them to overcome these difficulties. In order to increase their network, they are already in contact with the major industry leaders. However, they need more contacts in the right position (as mentioned earlier), preferably from business development or M&A, in order to get a concrete outcome (in the form of partnerships, contracts, investments). Consequently, their priorities today are to get subventions, increase the share of equity/search for investors and increase their staff. For this last one, help would also be appreciated. Gregory A. explains that he finds it surprisingly difficult to convince financial institutions of the interest in investing in startups; especially in the aerospace industry.

#### **Summary Interview Marc M, Startup 6:**

XXX has existed since May 2013 and has 6 employees. The technologic strategy for product is clear; however the financial function is not yet developed. In order to raise capital they would need information and support as it is crucial to survive in the critical phase they are in right now (product almost finished but treasury as well). Working

capital would help them to facilitate the time between last developments, product launch and first sales. Expertise (e.g. by Francois Chopard) and network access is crucial for them as they have not been in the business of aerospace before. Around 2015/16 they want to standardize their project as much as possible in order to be able to produce on a larger scale. Their first sales are expected in 3-4 months. For the incubation program they hope for more informal exchange and communication between the different stakeholders as well as external experts that could present important subjects concerning everyday challenges of the startup community. As they plan to increase staff in the long term they would like to receive help for the recruitment process. XXX has been incubated before in another program which gives them the possibility to compare and give suggestions and input from the best practices of their previous experience.

#### **Summary Interview Jean-Christophe N., Startup 7:**

XXX is an already quite mature startup. They have 6 employees and exist since August 2013. They possess prototypes, a developed business plan and model and their overall strategy seems to be clear. They do have a CRM Tool that works well for them and operational internal processes run sufficiently smooth. They wish to still enlarge their network and get into contact with more potential clients; especially also worldwide in the long run. With the time they also wish to increase their staff for particular tasks as for example for supply chain management. In order to generate more sales, they would like to take advantage of the contacts the incubator can offer them (especially through Francois Chopard/Impulse Partners). They would also like to contact financing institutions in order to possibly apply for some aids or other financing possibilities. A contact pool where they could find the right contact person fast would help them a lot. They would also be interested in a regular exchange between startups to share experiences and best practices. As the offer of subventions, for example by bpi France is not as transparent, a guide or overview would help them as a startup who has never done those processes before. Moreover, as they want to recruit in the long term a HR support person to help in recruiting interns and/or juniors from aeronautic schools could be a good idea in their opinion.

#### **Summary Interview Maxence L. and Ali H., Startup 8:**

XXX has existed since May 2012 and consists of 6 employees today. XXX has already developed a rather solid business model (that can of course be adapted according to environmental changes) and thought of their strategy for the next years. Their vision, pitch and objectives are formalized and the internal processes are working quite well. Their first product is already sold and they find themselves in a second phase today where they develop a second offer that will be finalized in June 2014. In terms of networking, the founders of XXX had the chance to evolve in an ecosystem of startups (in the incubator where they stayed before) still tightening contacts from university (mostly construction industry). Moreover, they were already able to make some valuable contacts with industry leaders thanks to the contacts of Thomas Le Diouron

that matched them with some groups. They hope to get this kind of help still in the upcoming months since it helps them tremendously. The internal processes permit them to serve their clients efficiently since they have a good CRM system (training by Steve Blank who is an expert in the problematic of startups) and the processes are quite quick and reactive. Of course, as with most startups their challenge is to scale up and industrialize their offer. This goal they try to tackle with a downloadable product which is provided once on their website and from then on can work automatically. Their short term goals consist in finalizing their new product and commercializing it, find even more clients and find financing (the amount of the third depends on the second). They are open to learn about best practices to widen their know-how; for example by exchanging with other startups, do business with others (ex: Startup 10) or participating in roundtables that solve startup challenges.

#### **Summary Interview Karim T., Startup 9:**


XXX has existed since August 2013 and employs 5 people. Their product and pilots are almost finished and contacts and discussions with potential clients are made. They will try to start selling their pilot in May/June 2014. Their pitch and the idea of their offer are already very clear. What they really need is Working Capital to overcome the pass between not selling yet and still finishing the product. It is a crucial step to get the first commands and/or clients; also in order to increase prestige and set a positive sign for future investors. Consequently, their priorities are to convince first clients and to become more known, also internationally. Concerning the incubation, they hope to get contacts to potential clients (major groups), financing institutions as e.g. banks and other experts that could intervene for example in the format of a round table.

#### **Summary Interview Benjamin H., Startup 10:**

XXX was founded in December 2012 and, with its 12 employees, it is one of the biggest and most advanced startups in the incubator. They plan to recruit still about 10 people until the end of the year. Their business model, pitch and strategy is already well craved out; however adaptations might be necessary over time, depending on what competition will do. The enterprise has set up three different BUs that find themselves on different levels of maturity which translates into different needs from more R&D to a commercialization of the most mature products. Even if their network is already powerful, they think that they can profit from the new incubator network, especially in terms of visibility and credibility. As most of the startups they are now at a point where they wish to industrialize their product which is an important step in the evolution of the business. For this, they need first of all a good planning and communication around it. An interesting point that was mentioned is the change of the office location as a motivation of the employees. It might be easier in the future to convince in recruiting if office space resembles more to the typical tech startup *à la Google* estimates Benjamin H. As for other startups, the fact of being together with other startups gives them the chance to exchange and even find synergies together. They already negotiated a deal

with another startup called XXX that can add to their business in order to offer an even more complete product to the market. As they are in an expanding phase they need today above all financing, good recruiting and first plans on how to commercialize their offer after having finished all the latest adaptations. As concrete advantages of the incubator they see the potential mutualization of some supports as trainings from external experts or marketing functions. Furthermore, they estimate that external advice on their strategy (for example by Impulse Partners) can be of worth and increase confidence in their project.

### **Annex 3: Auto-evaluation questionnaire**

 <b>IMPULSE PARTNERS</b> Strategy   Innovation   Performance		<b><u>Auto évaluation</u></b>			
<b><u>Bien développer son projet</u></b>					
<b>Communiquer mon idée</b> <i>Présenter mon projet en 25 mots</i>		--	-	+	++
<b>Ressources et capacités</b> <i>Savoir déterminer ses capacités et définir son projet</i>		--	-	+	++
<b>Mettre en avant mon avantage et mon unicité</b> <i>Définir mon avantage compétitif</i>		--	-	+	++
<b>Présenter ma société dans un speed dating entrepreneurial</b> <i>Présenter efficacement en moins d'une minute</i>		--	-	+	++
<b><u>Définir sa vision et son business model</u></b>					
<b>Développer un business model solide</b> <i>Comment générer de la valeur et intéresser les investisseurs</i>		--	-	+	++
<b>Quelle est ma proposition de valeur</b> <i>Clarification de mon activité grâce au célèbre outil du Business Canvas</i>		--	-	+	++
<b>Définir une stratégie de développement</b> <i>Quel modèle de développement assurera rentabilité et pérennité</i>		--	-	+	++
<b>Communiquer ma vision</b> <i>Se projeter de manière réaliste</i>		--	-	+	++
<b><u>Livrer un Pitch</u></b>					
<b>Techniques de communication</b> <i>Comment convaincre lors de ma présentation</i>		--	-	+	++
<b>Comment préparer son pitch efficacement</b> <i>Méthodologie et conseils techniques</i>		--	-	+	++
<b>Communiquer grâce à un support adéquat</b> <i>Avec ou sans Power Point : quels supports utiliser</i>		--	-	+	++
<b>Les erreurs à ne pas commettre</b> <i>Comment éviter des erreurs qui peuvent coûter cher</i>		--	-	+	++
<b>Coaching</b> <i>Répétitions du pitch, correction de la gestuelle et du langage</i>		--	-	+	++
<b><u>Rédiger un business plan</u></b>					
<b>Comment rédiger un business plan</b> <i>Quel plan adopter et comment le structurer</i>		--	-	+	++
<b>Quel degré de détail apporter</b> <i>Que faut-il mettre dans un business plan</i>		--	-	+	++
<b>Créer un plan financier</b> <i>Accompagnement et conseils pour la finance</i>		--	-	+	++
<b><u>Réseau et relationnel</u></b>					
<b>Ouvrir mon réseau</b> <i>Le networking et la prospection par recommandations</i>		--	-	+	++
<b>Se faire financer par un fond</b> <i>Comment réussir ma levée de fond</i>		--	-	+	++
<b>Coaching à la carte</b> <i>Mise en relation avec les partenaires</i>		--	-	+	++